

To the Members of the California State Assembly:

I am returning Assembly Bill 1431 without my signature because it would result in duplicative and inconsistent regulation of medical group claims.

While I support effective regulation of California's managed care delivery system, this bill would result in overlapping oversight of claims paid by medical groups that contract with HMO's. AB 1431 could require some medical groups that contract with HMOs to register with the Department of Insurance as third party administrators even though the Department of Managed Health Care also regulates their contracts.

Having two different agencies oversee medical group payment activity would lead to inconsistent regulatory requirements and confusion among provider groups. Instead, California government should be uncomplicated to facilitate an appropriate and straightforward regulatory climate which protects our health care delivery system.

For these reasons, I am returning AB 1431 without my signature.

Sincerely,

Arnold Schwarzenegger